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TAGS: EGEN, EALR, ECON, CZ
SUBJECT: ECONOMIC TOPICS IN STROUGAL'S DECEMBER 14 SPEECH

REFS: (A) PRAGUE 3527 (NOTAL), (B) PRAGUE 2482, (C) PRAGUE 0529
(NOTAL)

1. SUMMARY: ABOUT TWO-THIRDS OF STROUGAL'S DEC. 14
SPEECH CONCERNED ECONOMIC TOPICS. ASIDE FROM REHASH OF
FAMILIAR FYP PROJECTIONS, SOME ITEMS OF INTEREST EMERGED:
STRESS ON IMPROVED LIVING STANDARDS; MENTION OF NEED FOR
IMPROVED MANAGEMENT; AND FAILURE TO HARSHLY CRITICIZE
WORKERS THEMSELVES FOR ECONOMIC DISAPPOINTMENTS. COMMENT:
STROUGAL'S PROMISES OF BETTER LIFE WITHOUT STRESS ON
HARD WORK COULD REFLECT GOC PREOCCUPATION WITH CONSUMER
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DISSATISFACTION. COMMENTS ON NEED FOR IMPROVED
MANAGEMENT NO DOUBT INDICATE GOC UNWILLINGNESS TO
DEAL WITH ROOT CAUSES OF ECONOMIC MALAISE.

2. IN HIS DEC. 14 SPEECH TO FEDERAL ASSEMBLY LAYING
OUT GOC'S PROGRAM IN COMING YEARS (REF A), PRIME
MINISTER STROUGAL DEVOTED ROUGHLY TWO-THIRDS OF HIS

90 MINUTES TO TOPICS RELATED TO ECONOMICS. MUCH OF HIS COMMENTARY WAS A REHASH OF FAMILIAR STATISTICAL PROJECTIONS OF PROGRESS ENVISIONED UNDER SIXTH FIVE-YEAR PLAN FOR 1976-80 (REF C). THESE INCLUDE PLANNED INCREASES OF 27 PERCENT FOR NATIONAL INCOME, 33 PERCENT FOR INDUSTRIAL PRODUCTION, 36 PERCENT FOR CONSTRUCTION, 14 TO 15 PERCENT FOR AGRICULTURAL PRODUCTION, ONE-THIRD FOR OVERALL EXPORTS AND THREE-QUARTERS FOR ENGINEERING EXPORTS. HE ALSO UNDERLINED AGAIN FUEL/ENERGY PROBLEMS FACING CSSR AND NEED FOR TECHNOLOGICAL AND INDUSTRIAL PROGRESS TO COPE WITH PROBLEMS.

3. DESPITE ITS GENERAL LACK OF NEWSWORTHINESS, SPEECH DID PROVIDE SOME ITEMS OF GENUINE ECONOMIC INTEREST. FIRST, STROUGAL WENT TO SOME LENGTHS TO STRESS PLANNED IMPROVEMENT IN LIVING STANDARDS. HE NOTED THAT "PERSONAL AND SOCIAL CONSUMPTION BY THE POPULATION" WILL RISE BY APPROXIMATELY 25 PERCENT DURING FYP AND PROMISED TO MAINTAIN "GENERAL LEVEL OF RETAIL PRICES OF ESSENTIALS". CONSUMER GOODS OF BETTER QUALITY, HIGHER UTILITY AND MORE ESTHETIC VALUE WILL BE AVAILABLE IN WIDER ASSORTMENTS, AND HOUSING CONSTRUCTION WILL BE EMPHASIZED. STROUGAL STRESSED THAT IMPROVED GOODS AND SERVICES WILL MAKE WOMAN'S WORK EASIER, WHILE VARIOUS SOCIAL WELFARE PROGRAMS WILL BE EXPANDED. AVERAGE MONTHLY WAGE WILL RISE TO OVER 2,700 CROWNS, AN INCREASE OF 350-370 CROWNS FROM 1975. LIMITED OFFICIAL USE
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THOSE WHO SORK WELL AND CONTRIBUTE MOST WILL BE PAID BEST. SECOND, STROUGAL DEVOTED SOME ATTENTION TO NEED FOR "MORE EFFECTIVE AND MORE ECONOMICAL MANAGEMENT". HIS COMMENTS WERE GUARDED AND DELIBERATELY VAGUE, BUT HE APPEARED TO CALL FOR MANAGERS TO BE BOLDER ("MAKE FULL USE OF THEIR AUTHORITY") AND TO STRENGTHEN AND IMPROVE "OUR SOCIALIST STATE IN ALL SPHERES". HE STOPPED WELL SHORT, HOWEVER, OF CALLING FOR SUBSTANTIVE ECONOMIC OR MANAGERIAL REFORM. THIRD, STROUGAL RECOGNIZED CERTAIN WELL KNOWN FAILURES OF CZECHOSLOVAL ECONOMY--WEAK EXPORT PERFORMANCE, SERIOUS ENERGY PROBLEMS (PARTICULARLY POWER GENERATION) AND INADEQUATE HOUSING. HOWEVER, HE DID NOT CRITICIZE WORKERS THEMSELVES AS HARSHLY FOR ECONOMIC DISAPPOINTMENTS AS GOC LEADERS HAVE DONE RECENTLY, NOR DID HE CONDITION PROMISES OF CONTINUED LOW PRICES AND RISES IN LIVING STANDARDS TO IMPROVED WORKER PRODUCTIVITY, AS PRESIDENT HUSAK DID LAST AUGUST (REF B).

4. COMMENT: ECONOMIC IMPACT OF STROUGAL'S SPEECH WAS MAINLY TO PROMISE BETTER LIFE FOR POPULACE WITHOUT STRESSING HARD WORK INVOLVED. ABSENCE OF TOUGH TALK AND PLETHORA OF PROMISES COULD REFLECT INCREASED GOC PREOCCUPATION WITH CONSUMER DIS-SATISFACTION. COMMENTS ON NEED FOR IMPROVED MANAGEMENT, ON THE OTHER HAND, NO DOUBT INDICATES CONTINUED RELIANCE ON EXHORTATION AS SUBSTITUTE FOR REFORM TO DEAL WITH ROOT CAUSES OF ECONOMIC MALAISE. REGIME KNOWS THINGS ARE NOT GOING WILL, BUT THEY OBVIOUSLY FEEL THEY ARE STILL CONSTRAINED BY POLITICAL FACTORS IN DEALING WITH SITUATION.
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